



DEPARTMENT OF HOMELAND SECURITY



HOMELAND SECURITY INVESTIGATIONS

REPORT OF INVESTIGATION

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05/15/2020 17:42 EDT

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CASE NUMBER

[REDACTED]

CASE OPENED

[REDACTED]

CURRENT CASE TITLE

[REDACTED]

REPORT TITLE

2020, May 4: Search and Seizure of Aircraft N21LT & Interview of Kenneth J. RHULE and Connor L. RHULE

SYNOPSIS

In April 2018, Homeland Security Investigations (HSI) Border Enforcement Security Task Force (BEST) Seattle initiated an investigation into Kenneth Warren RHULE, date of birth [REDACTED], for violations of 18 USC 1956 (Money Laundering) and 18 USC 1960 (Unlicensed Money Service Business). RHULE operates a marijuana processing & distribution operation in the Seattle, WA area. He sells THC products and launders his proceeds through various crypto-currency exchanges.

On May 4, 2020, Homeland Security Investigations (HSI) Border Enforcement Security Task Force (BEST) Seattle and the Drug Enforcement Administration (DEA) executed two federal search warrants issued in the Western District of Washington, and administratively seized aircraft Cessna model P210 tail number N21LT. Special Agents also interviewed Kenneth J. RHULE and Connor L. RHULE. This report of investigation documents these actions.

REPORTED BY

Kyle Maher

SPECIAL AGENT

APPROVED BY

Brendan Shelley

SUPERVISORY SPECIAL AGENT

DATE APPROVED

5/15/2020

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DETAILS OF INVESTIGATION

On May 4, 2020, at approximately 10:00 AM, Homeland Security Investigations (HSI) Border Enforcement Security Task Force (BEST) Seattle and Drug Enforcement Administration (DEA) Seattle conducted surveillance at Harvey Airfield located at 9900 Airfield Way in Snohomish Washington. The following Special Agents and Task Force Officers participated in the surveillance:

Group Supervisor Brendan Shelley

Special Agent Kyle Maher

Special Agent Glenn Weisman

Special Agent Lynn Henry

Special Agent Ly Tran

Special Agent Eric Chin

Special Agent Victor Morales (DEA)

Special Agent Bryan Azer (IRS-CID)

Task Force Officer Larry Meyer (Seattle Police Department)

Upon arriving at Harvey Airfield, GS Shelley observed a black GMC Sierra pickup truck with Washington license plate B48065W parked along a chain link fence on the southside of the parking lot. A search of law enforcement databases revealed the vehicle was registered to "Focus Micro" at the physical address of Kenneth J. RHULE in Monroe, WA.

At approximately 10:30 AM, GS Shelley, SA Henry and SA Morales spoke with Cindy Hendrickson, the airport manager, and received permission to drive vehicles onto the airfield in order to observe the plane's arrival.

At approximately 1:55 PM, Special Agents observed a Cessna with tail number N21LT land at Harvey Field. The plane taxied and dropped Kenneth J. RHULE off in the vicinity of the airport office. The plane continued to taxi in the direction of Hanger 22. At approximately 2:05 PM, Special Agents observed Connor L. RHULE exit the aircraft and then physically push the Cessna into Hanger 22 - Storage Bay 7. Connor L. RHULE is the son of Kenneth J. RHULE and the twin brother of Kenneth W. RHULE.

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Once the plane was inside the storage bay, GS Shelley, SA Maher, SA Henry and SA Morales contacted Connor RHULE. Special Agents identified themselves as law enforcement and advised Connor RHULE they had two search warrants: one for Cessna N21LT and one for hanger 22-7. Connor RHULE stated he would cooperate with law enforcement.

SA Morales searched Conner RHULE inside hanger 22-7. SA Morales retrieved the key to the aircraft, as well as Connor RHULE's cellphone and wallet. The cell phone and the items in Connor RHULE's wallet were photographed. Nothing was taken from the wallet. Connor RHULE's cellphone and wallet were later returned to him.

Shortly thereafter, Customs and Border Protection (CBP) K-9 Officer Adam Chavez and his K-9 narcotics detection dog "Dean" ran a narcotics sniff on the Cessna aircraft N21LT. Dean alerted to the plane; specifically, to the locked rear compartment in the tail of the plane. (** Agents Note: On April 17, 2020 Officer Chavez and K-9 Dean ran a narcotics sniff on the same aircraft in the same location. At that date, Dean *did not* alert to the plane but did alert to a "Rubbermaid" storage locker. The locker is an approximately six-foot-tall plastic storage locker located less than four feet from the airplane. **)

Connor RHULE asked GS Shelley if he could video record the execution of the search warrant. GS Shelley advised Connor RHULE he (RHULE) was allowed to video record the execution of the search warrants, provided he was not in the immediate proximity of Special Agents while they were conducting the search. GS Shelley advised Connor RHULE this was for officer safety and RHULE's own safety due to the fact other planes would continue to taxi in the area around the hanger. Connor RHULE agreed not to get in the way of the search and offered to stand across from the hanger bay where he would be able to observe the search from a reasonable distance.

At this time, Kenneth J. RHULE approached Special Agents near the plane. Without prompting, Kenneth J. RHULE stated the plane was not connected to drugs or his son Kenneth W. RHULE. Kenneth J. RHULE expressed concern that law enforcement was going to seize the Cessna.

Kenneth J. RHULE asked if he could video record Special Agents during the search warrant. GS Shelley advised Kenneth J. RHULE there were no prohibitions on video recording the search provided he (RHULE) was not in the immediate proximity of Special Agents while they were conducting the search or otherwise interfering with the search. Kenneth J. RHULE stated he would not interfere with the search.

GS Shelley, SA Maher and SA Morales offered to speak with Kenneth J. RHULE to discuss the warrant procedures and to answer any of RHULE's questions. Kenneth J. RHULE agreed to speak with Special Agents with the caveat that there would be some questions he would not be willing

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to answer due to the ongoing criminal investigation. Connor RHULE also participated (minimally) in the conversation. Special Agents advised Kenneth J. RHULE they were executing two search warrants: one for the Cessna and one for the hanger.

Kenneth J. RHULE repeated numerous times that Cessna N21LT had nothing to do with drugs nor the search warrants that took place on March 10, 2020. Kenneth J. RHULE stated multiple times that aircraft N21LT has "nothing to do with Kenny (Kenneth W. RHULE)" or "his stuff." Kenneth J. RHULE stated the plane was Connor's and that both he and Connor were "flying enthusiasts."

Kenneth J. RHULE stated the Cessna was purchased with funds from a bank account not connected with drugs and that he had paid taxes on the plane. Kenneth J. RHULE suggested that the plane was purchased with funds from his old business Focus Micro. When asked if he would be willing to provide more detailed information about the source of the funds used to pay for the Cessna, Kenneth J. RHULE stated he did not want to provide specific account information and that there were no drugs inside the aircraft.

GS Shelley asked Kenneth J. RHULE and Connor RHULE if there was anything illegal contained inside the Cessna. Both indicated there was nothing illegal inside the Cessna. GS Shelley asked if there were any locked compartments or containers in the plane. Connor RHULE stated the only locks were for the plane itself and the compartment located at the rear of the plane. When asked if the plane contained all maintenance and registration documents, Connor RHULE replied "Yes."

Kenneth J. RHULE stated Connor RHULE was a long-time licensed pilot and that Connor had been flying the plane. Kenneth J. RHULE stated that he is a student pilot and is unable to fly without another authorized pilot in the cabin. Agents photographed Connor's FAA pilot's license (certificate # 3574809) but did not see his FAA medical certificate.

Upon arriving at the hanger, Special Agents had noticed a "Rubbermaid" plastic storage locker with the left door torn off lying next to the storage locker. Kenneth J. RHULE stated he was aware of the damage to the storage closet, but that nothing important was missing. The remaining items in the closet consisted of oil, oil filters and other minor items related to the maintenance of the plane.

Kenneth J. RHULE stated he and Connor flew to Cascade Locks, Oregon to visit Connor's mother-in-law on the evening of May 3. Connor then stated that he lived in Tampa, Florida working as a software programmer and was visiting Washington and Oregon along with his wife and children. At the time, Connor's wife and children were staying with the mother-in-law at her home in Cascade Locks, Oregon. Connor RHULE and Kenneth J. RHULE claimed to have done a short flight in the morning from Cascade Locks, OR to Troutdale, OR to pick-up Connor's mother-in-law, wife, and children because the Cascade Locks runway is too short to be safe for a flight with his

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family. Next they claimed to have done a sight-seeing flight back to area of Cascade Locks and then returned along the Columbia River to Troutdale dropping off the family. Connor RHULE and Kenneth J. RHULE then flew to Harvey Field in Snohomish, WA. Of note, neither Connor RHULE nor Kenneth RHULE were in possession of any typical supplies that a person might take on an overnight trip.

Kenneth J. RHULE stated aircraft N21LT is owned by an LLC and controlled by Connor RHULE and Kenneth J. RHULE. Kenneth J. RHULE stated the LLC "belongs to Connor and I." When asked for the name of the LLC, Kenneth J. RHULE stated he did not know the name of the LLC, but that he could "look up the name of the LLC" for SA Maher. Kenneth J. RHULE stated that Kenny (Kenneth W. RHULE) owned another plane, but that he did not know any details about it, and that it was separate from "our plane."

Kenneth J. RHULE stated that there was "no commercial use of the plane," and that the purpose of the plane was simply for enjoyment. Kenneth J. RHULE stated the LLC for the plane was created for tax purposes, and that a trust was being set up for the LLC. Kenneth J. RHULE would not elaborate further when asked for details. Kenneth J. RHULE stated that trusts were being set up to address "tax issues." Kenneth J. RHULE stated he also used LLC's to register his vehicles because it made them easier to manage. When asked to provide more details about the purpose of the LLC's and the "tax issues" involved, RHULE stated he did not want to be "off putting" but that he was not comfortable answering those questions.

Kenneth J. RHULE stated that "multiple people" had flown the plane from Texas where it was purchased, and that the plane had arrived in Washington State the day before the search warrant was executed at his property (Mach 10, 2020).

Kenneth J. RHULE stated he had owned several planes over the years (including a Bellanca aircraft) and that at one time he had employed a full-time pilot for his old business Focus-Micro. He claimed that his old business partner at Focus-Micro got him interested in flying and he had always enjoyed it.

Kenneth J. RHULE stated he worked for Focus-Micro from 2000 through 2013 and that he generated millions of dollars in legitimate income through the company.

SA Maher asked what the purpose was of having an LLC and plane for enjoyment if Connor lived in Florida while the plane was based in Washington State. Kenneth J. RHULE stated that Connor would explain that, then said, "I can explain that," and then said again the Connor would answer the question. Connor RHULE then waited before answering and said, "I am not aware of the ownership of the plane."

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SA Maher asked Connor if he owned any other planes separately from the Cessna N21LT plane and Connor RHULE stated, "I don't own any plane." (** Agent's note: The FAA airplane registry website shows a Bellanca model 17-30 airplane with tail number N7380V registered to Connor L RHULE at [REDACTED] **)

SA Maher asked Kenneth J. RHULE directly numerous times, "Has anyone else flown the plane besides Connor?" Kenneth J. RHULE refused to give a direct answer, repeating that they had only recently acquired the plane.

SA Maher then asked Connor RHULE directly "Has anyone else flown the plane besides yourself?" Connor RHULE answered, "I don't know if anyone else has flown the plane."

SA Maher asked directly several times if anyone else had access to the plane. Kenneth J. RHULE would not give a straightforward answer. After having been asked the same question for the fourth or fifth time, Kenneth J. RHULE stated that M [REDACTED] B [REDACTED] had once flown the plane with him to near-by Arlington Airport to purchase fuel because it was cheaper there. When asked again if anyone besides B [REDACTED] had flown the plane since the RHULE's had purchased it, or had access to the plane, Kenneth J. RHULE again repeated that they had just purchased the plane. Kenneth J. RHULE then stated that B [REDACTED] previously had a plane located at Harvey Field, and that he was aware B [REDACTED] had left the local area after law enforcement had tried to talk to him shortly after the March 2020 search warrants. Kenneth J. RHULE then said he made copies of the key to the plane and given them to his parents for safe keeping in case the key was lost.

SA Maher asked the RHULEs to explain their recent low flights over the ICE ERO Northwest Detention Center (NWDC) in Tacoma, WA. Kenneth J. RHULE explained at length that this was done to provide moral support for his wife Olga RHULE who has been detained there since March 10, 2020. SA Maher asked Connor RHULE, "Did you do those three flights (over the detention center)?" Connor RHULE stated "Yeah." (** Agent's note - FAA information shows that four low flights had been made over the NWDC. **)

Connor and Kenneth J. RHULE were told to stop flying over the detention center, and they agreed to do so.

Kenneth J. RHULE stated the cost is \$300 per month to rent the hangar space at Harvey Field.

SA Maher then told the RHULE's that not long ago a narcotics K9 had been run on the plane and had *not* hit on the plane, but that today the same K9 had been run on the plane and *did* hit. SA Maher asked if they had any explanation for that. Kenneth J. RHULE said he was sure there had never been any narcotics or marijuana in the plane.

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At the conclusion of the interview SA Maher read his notes back to the RHULEs and the RHULEs agreed that the notes were correct, with a small correct

ion that Connor and Kenneth RHULE did not own the aircraft, but the corporation owned the aircraft, and Connor RHULE and Kenneth J. RHULE had the interest in the corporation. Kenneth J. RHULE also made the correction that he had previously owned a Bellanca Aircraft, and not a "Bellanca Viking" as SA Maher had stated.

At approximately 5:00PM GS Shelley explained to the RHULEs that the aircraft would be seized. GS Shelley advised Connor RHULE and Kenneth J. RHULE that the plane was not being forfeited to the government at this time and that a review process still need to take place. GS Shelley advised both RHULEs that if they had any documentation to support their claims that the plane was purchased with funds not associated with criminal activity - that those documents would be helpful and could potentially expedite the release of the plane. Kenneth J. RHULE stated the plane was not purchased with drug proceeds and that he had documentation he could share, but that it would be difficult because Special Agents previously seized several documents when they executed their search warrant. GS Shelley asked Kenneth J. RHULE if he (RHULE) could point Special Agents in the direction of the records that showed how the plane was purchased. Kenneth J. RHULE said he did not know what records Special Agents had and was unable to explain to Special Agents how he purchased the plane.

GS Shelley asked Connor RHULE if he (Connor RHULE) had any documentation that would be helpful in determining the source of the funds used to purchase the plane. GS Shelley specifically asked Connor RHULE if there were any bank accounts Special Agents should review that would help determine the source of the funds used to purchase the plane. Connor RHULE stated he did not know anything about the source of the funds or the company that owned the plane. Kenneth J. RHULE also confirmed that Connor RHULE did not have anything to do with funding the plane.

GS Shelley asked in Kenneth J. RHULE had received a "target letter" from the U.S. Attorney's office. Kenneth J. RHULE stated he had not received anything. GS Shelly then explained it was likely he would be receiving a target letter, as Kenneth J. RHULE did have a connection to the investigation of his son Kenneth W. RHULE.

Kenneth J. RHULE stated he preferred to have all relevant seizure paperwork mailed to him at [REDACTED] Monroe, WA [REDACTED], and provided his cell phone number [REDACTED].

Kenneth J. RHULE stated he previously made millions of dollars while working in the private sector and that he had investment accounts - include a Scott Trade account. Kenneth J. RHULE stated his account has since been closed.

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When asked about the stolen weapons recovered from his residence during the search warrant – Kenneth J. RHULE stated he was surprised to learn that the weapons were stolen and that he bought the weapons online through "Armslist."

Connor RHULE later stated privately to GS Shelley that he did not know anything about the source of the funds used to purchase the plane or the LLC under which the plane was registered. Connor RHULE stated he moved to Florida for work and to be closer to his mother. Connor RHULE stated he was "trying to stay out of it."

At approximately 6:00PM the RHULEs left the area with the search warrant inventories and seizure paperwork for the plane.

At approximately 6:15PM CBP Air Interdiction Agent J. Tapparo departed Harvey Airfield flying aircraft N21LT, along with all associated logbooks and airplane paperwork. The aircraft was flown to the CBP Air facility in Bellingham, WA for secure storage.

Search Warrant execution, and Aircraft Seizure:

Two federal search warrants issued in the Western District of Washington were executed on May 4, 2020.

The search warrant for Hanger 22-7 located at Harvey field was executed. Nothing was retained from this search warrant.

The search warrant for Cessna model P210, tail number N21LT located inside Hanger 22-7 located at Harvey field was executed. Items retained from the search warrant include various logbooks and paperwork associated with the aircraft, the aircraft key, a Stratus GPS, an Apple i-pad, and a Scout receiver. Kenneth J. RHULE provided law enforcement the password to the Apple i-pad.

Separately, the Cessna model P210, tail number N21LT was administratively seized by HSI.

The investigation continues.

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